

SENATE BILL REPORT

SHB 2366

As Reported By Senate Committee On:
Health & Long-Term Care, February 16, 1996

Title: An act relating to local public health financing.

Brief Description: Modifying local public health financing.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Casada, Regala, Talcott, Huff, Conway and McMahan).

Brief History:

Committee Activity: Health & Long-Term Care: 2/16/96 [DP-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Quigley, Chair; Wojahn, Vice Chair; Fairley, Franklin, Moyer, Thibaudeau and Wood.

Staff: Don Sloma (786-7319)

Background: The Health Services Act of 1993 amended the distribution of motor vehicle excise taxes (MVET) between cities and counties for local public health purposes. The MVET distribution percentage to cities for public health was reduced by 2.95 percent, and the counties' distribution percentage was increased by the same 2.95 percent. The change in the city and county distribution percentages was originally scheduled to take effect July 1, 1995. An analysis using the revised distribution percentages identified that the 2.95 percent shift from cities to counties would result in certain cities' contributing less to support local public health services than they were providing under the existing distribution methodology. The effect was that certain local health jurisdictions would receive less funding for public health services using the new distribution percentages. The collective statewide funding shortfall was identified as \$2.25 million. With the additional funding, county health departments and local public health districts could continue to provide current levels of service beginning July 1, 1995.

The county and local public health district funding problem was mostly resolved during the 1995 session with the passage of SSB 6058 (C 15 L 95 E1). The solution included the establishment of a funding benchmark that would ensure that no city contribution was less than the calendar year 1995 level expended for public health purposes. Funding to ensure that the city contributions met the calendar year 1995 levels was contained in the 1995-97 Appropriations Act in the form of a \$2.25 million state treasurer transfer from the public health services account to the county public health account, for distribution to county public health departments and local health districts. The county public health account was created to provide a means to distribute funds for local public health entities. Sources of funding identified for deposit into the account were the 2.95 percent MVET distribution amount for

public health and potential appropriations from the health services account and the public health services account. The implementation date of the revised distribution percentages was extended to January 1, 1996.

The situation that was not contemplated in SSB 6058 was the inclusion of the population in cities that were in the process of incorporating at the time the funding problems with the 2.95 percent shift were being addressed. The populations in these newly incorporated cities are not recognized in the new distribution formula, and some local public health jurisdictions are underfunded.

Summary of Bill: If excess funds become available in the county sales tax equalization account, the director of the Department of Community, Trade, and Economic Development must adjust the amount of funding to be distributed to local health jurisdictions to compensate any city that became newly incorporated as a result of an election during calendar years 1994 and 1995. The adjusted amounts must equal the amounts the newly incorporated cities would have contributed to their local public health jurisdictions had their populations been included in the existing distribution formula for local public health services. This adjustment in funding for local public health jurisdictions expires June 30, 1997.

The source of funding for this adjustment is the available fund balance in the county sales and use tax equalization account. After all current statutory distributions from the county sales and use tax equalization account are made, the transfer to the county public health account for distribution to local public health occurs. After the transfer for local public health, any remaining fund balance in the county sales and use tax equalization account is deposited in the state general fund. If there is no fund balance from which to make a distribution for local public health, no distribution is made. The cities and counties affected by this distribution change are University Place, Lakewood, and Edgewood in Pierce County and Shoreline in King County.

Appropriation: None.

Fiscal Note: Available.

Effective Date: This bill takes effect on July 1, 1996.

Testimony For: This money will help to attract matching funds and is needed.

Testimony Against: None.

Testified: Leonard Sanderson, Tacoma/Pierce Co. Health Board, Mayor, City of Milton (pro).